

King County Employees Deferred Compensation Plan

Board Meeting Minutes

May 11, 2016

Board Members: Tom Beavers, Pat Hamacher, Doug Hodson, Nigel Lewis, and Pat Sainsbury

Staff: O.C. Collier-Brown

Guests: Jayson Davidson of Hyas, Kate Donley, Michelle Fujiwara, Craig Hislop and Guen Toste of T. Rowe Price

Agenda Review

None

Participant / Employee Comments

Participant, Ryan, is requesting the board to consider a provision that would allow loans for participants. Participant states “for participants, this helps provide resilience for life events without depending on or paying a bank.” Participant plans to attend a future meeting to address the board in person.

Adopt February Meeting Minutes

The February meeting minutes were adopted as written.

Administrative Budget

The 2016 Administrative Budget was approved.

Subcommittee for reviewing Retired / Separated Board applicant

Tom Beavers, Doug Hodson and Mary Beth Short will review the application and make a recommendation to the board at the June meeting.

Report of the Investment Advisor

Jayson Davidson presented the First Quarter 2016 Performance Report and discussed performance for each of the Plan's available investment options. The T. Rowe Price Equity Income Fund remains the only fund on watch and was again in violation of investment policy performance parameters. Jayson did note, however, that the Fund has had a very strong relative start to 2016. Jayson will continue to monitor this fund and provide additional commentary at our next report meeting.

Jayson informed the Board that the United States Department of Labor's revised fiduciary definition rule has been finalized. Hyas expects that this rule will primarily impact service providers (as opposed to plan sponsors) and in particular those service providers that are engaged in selling IRAs and other products that require participants to move money out of the Plan. The rule will not officially be enforced until April of 2017. Jayson will continue to monitor developments and will provide additional information as warranted.

The Board discussed recent activity in the State of Washington around the prospect of implementing auto-enrollment programs. The State has recently passed legislation making the auto-enroll feature available for the State Plan program. Jayson informed the Board that there has also been a few legal perspectives suggesting that the standard "opt out" provision of most auto-enroll programs may offer a way around the anti-wage garnishment rules that have been

hindering more widespread adoption. At this time, there is nothing concrete and he will continue to monitor activities as they evolve.

The Board was notified about the prescribed change to the Tradelink cash sweep account. T. Rowe Price will be automatically transitioning the current Prime Reserve Money Market Fund to a government security only fund structure. No actions were recommended or taken as the Board was comfortable with the change happening as prescribed.

Report of the Third Party Administrator

First quarter 2016 information was circulated prior to the meeting. During the meeting, Guen Toste distributed an Executive Summary handout.

The following Plan highlights were noted as of March 31, 2016:

- Plan assets were \$748,757,207 representing a -2.5% decrease since April 1, 2015;
- There were 8,175 participants in the Plan, versus 8,173 on April 1, 2015;
- The lack of growth in participation is due to participants retiring in early 2016;
- The average Participant account balance was \$91,591; and
- Notably, there were 131 participants with a balance between \$500,000 and \$750,000, 16 participants with a balance between \$750,000 and \$1 million, and 4 participants with a balance between \$1 and \$1.5 million.

Guen reported that T. Rowe Price will not be moving forward with the project that would adjust Tradelink to provide participants with the ability to make separate investment allocation determinations between Roth and non-Roth assets.

Guen also briefed the Board on T. Rowe Price's commitment to the retirement plan administration market and provided the company's planned expenditures to support the expected growth in this business.

Report of the Plan Administrator

Plan Administrator, O.C. Collier-Brown, informed the Board that she has started to attend New Employee Orientation so she can educate new and returning employees about the plan and potentially get them enrolled. She also stated that Will Ryan, of T. Rowe Price, attended a Rev Up for Retirement seminar and will work with O.C. and the King County retirement team to incorporate deferred compensation into the seminar.

O.C. will start working on travel arrangement for Pat Hamacher, Doug Hodson and herself to attend the NAGDCA conference.

Report of the Chair

None

Other Business

None